

**CHAPTER NO. 223****HOUSE BILL NO. 1262****By Representative Winningham****Substituted for: Senate Bill No. 1660****By Senators Hagood, Norris, Burks**

AN ACT to amend Tennessee Code Annotated, Section 49-3-352, relative to the dedicated education fund.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-3-352, is amended by deleting subsection (c) in its entirety and by substituting instead the following:

(c) Any fund balance remaining unexpended at the end of a fiscal year in the general fund of the local public education system shall be carried forward into the subsequent fiscal year. Such fund balance shall be available to offset shortfalls of budgeted revenues or, subject to the provisions of § 49-2-301(b)(1)(W), shall be available to meet unforeseen increases in operating expenses. Any accumulated fund balance in excess of three percent (3%) of the budgeted annual operating expenses for the current fiscal year may be budgeted and expended for any education purposes but must be recommended by the board of education prior to appropriation by the local legislative body. Notwithstanding the provisions of this section or any other provisions of the law to the contrary, in any fiscal year in which state-shared revenues distributed to counties are reduced below the levels distributed to counties in the 2002-2003 fiscal year, any or all of the accumulated fund balance may be used for education purposes without restrictions; provided, however, that for the 2004-2005 fiscal year only, if a local education agency submits to the department for approval a budget that contains the use of unrestricted accumulated funds under this provision and it is subsequently determined that state-shared revenues distributed to counties are equal to or greater than levels distributed to counties in the 2002-2003 fiscal year, the commissioner shall have the authority to approve the unrestricted use of such accumulated funds.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 11, 2005

  
JIMMY RAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

APPROVED this 27<sup>th</sup> day of May 2005

  
PHIL BREDESEN, GOVERNOR